

BHP SHARE BUY- BACK**Summary**

BHP Billiton (BHP) has announced an off market buy back of its shares. The offer closes to eligible shareholders on the 8th of April 2011.

This report relates to Australian resident superannuation funds. Parties other than Australian resident superannuation funds should contact our office to discuss their individual circumstances.

The terms of the buyback are as follows:

- The buyback price will be calculated as an average of the BHP market price over five days to the closing date of the offer, less 10%*.
- The payment will be treated as \$0.28 return of capital and the balance as a fully franked dividend.
- Acceptance of the offer is made through your stockbroker before 8th April 2011, via completion of the tender form.

Calculation of offer

Assumed market price **	\$44.00
Less 10% discount	<u>(\$4.40)</u>
Net market price	\$39.60
Capital repayment	\$ 0.28
Dividend	<u>\$39.32</u>
Total Cash payment **	\$39.60

Superannuation Fund (Pension account)

<u>Refundable franking credits</u>	
Franked dividend	\$39.32
Imputation credit	<u>\$16.85</u>
Total dividend	\$56.17
Refundable franking credits	\$16.85

Sum of Proceeds

Cash	\$39.60
Refundable franking credits	<u>\$16.85</u>
Total	\$56.45

Capital Gains Tax

Not applicable for pension account

Superannuation Fund (accumulation account)

<u>Refundable franking credits</u>	
Franked dividend	\$39.32
Imputation credit	<u>\$16.85</u>
Total dividend	\$56.17
Refundable franking credits	\$ 8.42

Sum of Proceeds

Cash	\$39.60
Refundable franking credits	<u>\$ 8.42</u>
Total	\$48.02

Capital Gains Tax

Loss to be carried forward

Conclusion

Our review indicates that this is a positive transaction for an Australian superannuation fund with a pension account, where the fund acquired BHP shares for less than \$56.45, and for an Australian superannuation fund with an accumulation account where the fund acquired BHP shares for less than \$48.02.

Our analysis is based on the current economic data and assumptions included in this report. We recommend you contact our office before proceeding to review your individual circumstances.

Disclaimers & notes

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*We have assumed that you select the market price option.

**We have assumed the market price to be \$44.00 (based on market price on 25 March 2011). The final market price may be lower of higher than this price.